

# Ruffer Fixed Income

Positive returns from fixed income



March 2017 Issue 42

Over the course of the quarter the fund's C capitalisation shares fell 0.3% from £115.12 to £114.76. The US Treasury 10 year bond yield was unchanged at 2.38%.

While markets watch and wait for every Trump tweet the reality is that his market moving policies are becoming bogged down in the swamp he calls Congress. The underlying cyclical reflationary narrative that had been in place since the middle of 2016 was turbocharged by the post-election promise of tax cuts and infrastructure spending. The failure to replace Obamacare at the first legislative hurdle brought into question the ability to get even core policies through Congress. This failure has the market wondering about the delivery of tax cuts and spending that has already been discounted, hence the pause in the reflationary narrative.

There has also been much market noise about the Federal Reserve who seemed to hastily signal and then deliver a rate hike. Beneath the noise the signal was that not much had changed in the Fed's view. The hike was not a brave new hawkish view, but a bringing forward of a hike because of a cyclically favourable outlook. Their forecast of inflation and the path for real yields was little changed.

The European Central Bank is seemingly boxed in by the political cycle and the complexity of its policy toolbox. All of which seems to be hiding from the market and an economy benefiting from and contributing to the global cyclical upswing. We see potential upside for European interest rates as a result.

Both domestic players and international participants are still coming to terms with the Bank of Japan's policy framework. The Federal Reserve and the European Central Bank are still predicting a smooth glide back to target inflation and the Bank of England is saying that higher inflation brought on by a weaker currency will dissipate. But the Bank of Japan is clear, it wants an inflation overshoot aided and abetted by negative real yields. Hence our liking for Japanese inflation-linked securities.

In the long run our view is unchanged; whatever the cyclical moves in real yields the fundamental problem of too much debt in the world persists. We believe that the debt problem will be resolved through higher inflation and lower real yields. And so while we will heed the cyclical forces, our portfolio focus remains on that long term view.

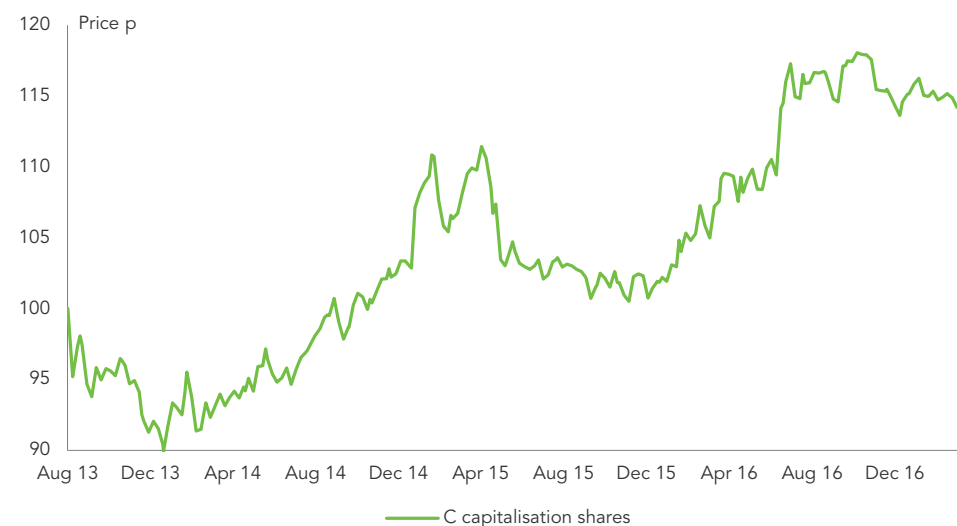
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In line with the Prospectus, it is possible that at any one time Ruffer Fixed Income may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be US government issued transferable securities.

## Investment objective

The investment objective of Ruffer Fixed Income is to achieve positive returns from an actively managed portfolio of predominantly fixed-income securities, variable-income securities and related instruments issued by governments and other entities, without geographical restriction.

## Performance since launch on 13 August 2013 – C class shares GBP



Performance %	March 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-0.3	-0.3	5.1	23.2	na	na

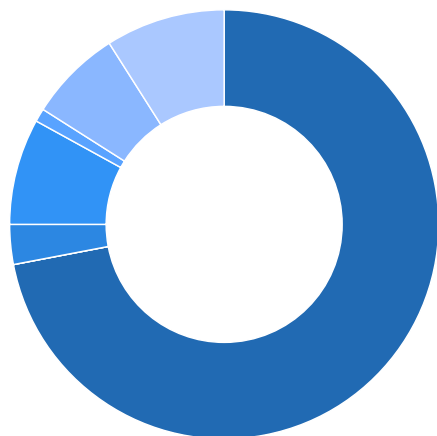
Percentage growth (C GBP cap)	%	Share price as at 31 March 2017	£
31 Mar 2016 – 31 Mar 2017	5.1	C capitalisation GBP	114.76
31 Mar 2015 – 31 Mar 2016	-0.6	C distribution GBP	114.77
31 Mar 2014 – 31 Mar 2015	18.0	Z capitalisation GBP	119.63
31 Mar 2013 – 31 Mar 2014	na	Z distribution GBP	117.34
31 Mar 2012 – 31 Mar 2013	na		

Source: Ruffer LLP

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

# Ruffer Fixed Income as at 31 March 2017

## Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	72
• Japan inflation-linked bonds (0-7 years)	3
• Japan inflation-linked bonds (7-15 years)	8
• New Zealand inflation-linked bonds	1
• Canada inflation-linked bonds	7
• Cash	9

## 5 largest of 17 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	13.9
US TIPS 1.25% 2020	13.7
US TIPS 0.125% 2022	13.3
US TIPS 1.875% 2019	13.2
US TIPS 0.125% 2022	9.0

Source: Ruffer LLP

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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

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Fund size £399.8m

## Fund information

Ongoing Charges Figure* %	Cap	Dis	
C class GBP	1.28	1.28	
Z class GBP	0.13	0.13	
%	O class	C class	Z class
Maximum annual management fee	1.5	1.2	0.0
Maximum initial charge	5.0	5.0	7.5
Minimum investment £	1,000	10m	30m
Record date	Third Monday of November		

Ex dividend dates Next NAV following the record date

Payment Within five business days after ex dividend date

Dealing Weekly, every Monday (if not a business day, on the following business day) Plus on the first business day of each month

Cut-off 4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)

ISIN	O class	C class	Z class
Cap	LU0954199336	LU0954198791	LU0954199096
Dis	LU0954198874	LU0954199252	

Structure Sub fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Investment manager Ruffer LLP

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

\* Audited at 31 December 2017

## Fund Managers

### Alex Lennard

INVESTMENT DIRECTOR



Joined Ruffer in 2006 after graduating from Exeter University with an honours degree in economics and finance; he is a member of the Chartered Institute for Securities & Investment. He is co-manager of Ruffer Total Return International.

### Marnoch Aston

RESEARCH DIRECTOR



Joined the Financial Stability Directorate at the Bank of England in 2008, prior to which he was a founding partner of Clematis Capital. He has an MSc in Economics and Finance from Warwick University and joined Ruffer in 2012.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which over £11.8bn was managed in open-ended Ruffer funds.

## Enquiries

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